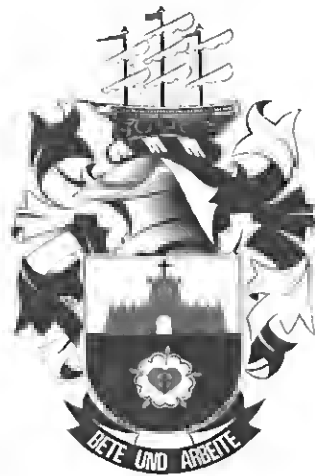


UMSHWATHI MUNICIPALITY



ANNUAL REPORT

2006/2007 FINANCIAL YEAR

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INTRODUCTION AND OVERVIEW

Submission and tabling of the Annual Report for the 2006/2007 financial year

This annual report has been prepared in terms of Chapter 12, section 127 of the Local Government Municipal Finance Management Act no. 56 of 2003, as amended, for submission and approval by the Council.

Legislative mandate

The primary legislative mandate of the municipality is determined by Chapter 7, section 151 (2) of the constitution of the Republic of South Africa, which states that:-

The municipality must strive within its administrative and financial capacity to meet its local government objectives of;

- # Providing democratic and accountable government for local communities,
- # Ensuring sustainable provision of services to communities,
- # Promoting a safe and healthy environment and,
- # Encouraging communities to become involved in local government matters.

The constitution also requires municipalities to structure and manage their administrations, budgeting and planning processes in such a manner as to;

- # Prioritize the basic needs of the communities,
- # Promote the social and economic development and
- # Participate in national and provincial development programmes.

These constitutional mandates are also re-inforced by section 73 (1) of the Local Government: Municipal Systems Act no. 117 of 1998, as amended.

The constitution is further supported by the following acts which were created solely for the benefit of and furtherance of the municipalities constitutional mandate;

- # Municipal Structures Act No. 117 of 1998,
- # Municipal Systems Act No. 32 of 2000,
- # Municipal Finance Management Act No. 56 2003,
- # Municipal Property Rates Act No. 6 of 2004,
- # Development Facilitation Act
- # Division of Revenue Act

Acronyms

AG	:	Auditor General
MM	:	Municipal Manager
CFO	:	Chief Financial officer
DFA	:	Development Facilitation Act
EXCO	:	Executive Committee
GM	:	General Manager
IDP	:	Integrated Development Plan
MFMA	:	Municipal Finance Management Act
MANCO	:	Management Committee
SCM	:	Supply Chain Management
SDBIP	:	Service Delivery Budget Implementation Plan

Leadership (Council and Executive)

The function of EXCO and the Council within the municipality is to govern and oversee the implementation of its constitutional and legislative mandates. The EXCO and its operational committee's receive reports from management and deal with operational matters in terms of their delegated powers and report to Council advising on progress, the vision of the municipality, its mission, objectives and performance in terms of its integrated development plan.

Council consists of 22 Councillors and meetings are held every three months to receive and consider reports from its EXCO and to deal with matters entrusted to it by the Constitution of the Republic of South Africa. EXCO meetings are normally held bi-weekly and committee's constituted by it meet in terms of arrangements determined by EXCO. Senior Management of the Council attend all the meetings of the Council and its Committee's and are there to provide advice and guidance to the Council and its Committee's ensuring that proper and informed decisions are made.



uMshwathi Municipal Council



Deputy Mayor, Mayor, Speaker

MAYORS FOREWORD

Presented by His Worship, the Honourable Mayor, Councillor, B.M. Gwala.



With the introduction of our 2006/2007 Integrated Development Plan and its strategic theme "vibrant connected economy by 2020" the Council and the staff of this municipality committed themselves to a renewed focus to deliver on the constitutional mandate of this Council and to focus on economic issues.

The Council wasted no time and pro-actively challenged its small economic base and widened its rates base in terms of the new Property Rates Act and incorporated all rateable land and buildings within its 1811 km² in order to ensure that it could make an impact into eradicating service back logs and improving on service delivery standards to its 113 054 (2007 census) inhabitants. The Council's has the second largest population density in the District to the Umsunduzi Municipality and is divided into 11 wards with predominantly agricultural landscapes and rural residential settlements. The 4 main urban settlements are New Hanover, Wartburg, Dalton and Cool Air.

The Municipalities strategic position within the District and in the Provincial spatial context provides many other unexplored development opportunities and the R33 (old Greytown Rd) is considered a primary development and access corridor offering a range of investment opportunities and one which the Council is to explore for the benefit of the community of uMshwathi. With the majority of the population being between the ages of 0 and 35 and 44% being unemployed, a serious social challenge faces the Council, particularly as 67% of households are said to earn between 0 and R 800 per month.

Developmental needs obtained from community inputs and participation include basic needs such as, access roads, bridges, water, sewerage, electricity, sanitation, creches, housing, clinics, sporting facilities, abet, economic opportunities, cemeteries, agricultural land, security, community facilities, telecommunications..... the list is endless, and it is imperative that serious inroads be made to these challenges in order to reaffirm peoples dignity and the enjoyment of basic human rights. Our developmental priorities have been identified as;

Economic development, job creation and poverty alieviation,
Renewal of New Hanover as economic hub,
HIV/AIDS,
Electricity,
Water and sanitation,
Roads,
Development of Harry Gwala corridor,
Value adding on agricultural and mineral produce,
Development of tourism infrastructure,
Community facilites,
Environmental challenges and
Housing.

In line with our vision "uMshwathi owethu - lets build together" we proceed forward with our vision "provider of municipal services for better quality of life for all" and through the medium of our annual reports to the community let us together be proud of our achievements under very difficult circumstances and with a very limited budget.

May I also use this opportunity to thank my Deputy Mayor, the Council, EXCO and its Committee's and the Municipal Manager and his staff for all their support and contributions to our cause, united we stand, divided we fall, there is no truer saying, with teamwork we are capable of achieving almost anything.

B.M. Gwala

Honourable Mayor - uMshwathi Municipality

FUNCTIONAL AREAS SERVICE DELIVERY REPORTING

The Council in its Integrated Development Plan formulated a set of interconnected and independent strategic objectives based on strategic issues, the priorities of the Provincial growth and development strategy and the National local government key performance areas to achieve its service delivery objectives and as articulated below;

- # To ensure in line with National goals that all households have universal access to clean and potable water and decent sanitation by 2009,
- # To ensure that in line with National goals all households have universal access to electricity by 2012,
- # To ensure that the number of households eligible for free basic services is increased,
- # To reduce the backlogs in services such as waste removal and physical infrastructure (roads) and social infrastructure (clinics, sports, recreation, libraries, arts and culture)
- # To eliminate all slums by 2010 in line with Provincial goals and ensure decent rural housing delivery
- # To facilitate growth and development of the local economy in a way that generates opportunities for sustainable job creation, poverty alleviation, rates base increase and improves broad base BEE and SMME's.
- # To develop an organisational architecture, business processes and policies that will enable the Council to fulfil its constitutional and legislative mandates and achieve its vision and mission
- # Forging strategic partnerships with the District Municipality and other stakeholders to achieve its objectives

Critical success factors, key objectives, strategy focus and departmental strategic programmes were harnessed to align and implement all plans and budgets and a summarised "Service Delivery and Budget Plan" was compiled to monitor and measure the progress throughout the year. The performance achievements as measured against these objectives is detailed hereunder;

<u>OBJECTIVE</u>	<u>KEY PERFORMANCE AREA</u>	<u>BUDGET</u>	<u>EXPENSE</u>	<u>OUTPUT</u>
Infrastructure and services				
Operating expenditure	roads and stormwater building control pavements and sidewalks bridges and culverts water and sanitation monitoring vehicle fleet management cleansing and solid waste removal of garden refuse grass cutting parks and gardens road signs and signage building maintenance capital works and constructions bus and taxi ranks public toilets and amenities	4,900,000	4,848,506	maintained roads orderly development pedestrian safety access to all areas public health maintenance and ctrl public health weed and rodent ctrl healthy environment public amenities traffic control healthy conditions development of infra public transport public amenities
Capital expenditure	Roads upgrade	3,000,000	2,554,933	
Social development				
Operating expenditure	community development community liason clinics libraries community facilities public amenities public safety traffic management law enforcement licencing and control	3,500,000	3,443,972	public investment public participation public health public amenities public amenities access to facilities safe environment traffic management traffic control logistical support

Capital expenditure	environmental health HIV aids awareness disaster management cemeteries and crematoria environmental management housing and slum clearance Sportfield upgrade	2,000,000	1,499,597	clean healthy environ awareness and prevention disaster support cemetery management clean healthy environ housing devepment
Economic development	investment promotion & market establishment of BEE & SMEE's economic development tourism and marketing promotional communications local economic support	-	339,984	economic development job creation job creation job creation investment oppur sustainable e/dev
Financial management				
Operating expenditure	oversight and strategic planning MFMA and other management SCM control free basic services maintenance of accting records accounting control financial system Budgets and reviews financial control and reporting grant control and management Income and expenditure monitor asset management and control safekeeping and insurance asset cash and investment manage loans management and payment payment of creditors debt management rate and tariff management rebate and indigent support salary and allowance control implementation of policies & leg audit and audit reports Annual financial statements	6,200,000	6,051,698	financial planning compliance expenditure control basic servie delivery financial structure risk man/control financial management planning and monitor management/info management/control risk management risk management risk management financial management financial management service delivery cash management financial management service delivery financial management compliance risk management financial/info and reports
Democracy and governance				
Operating expenditure	oversight and strategic planning organisation and planning management and control communication and reporting Council support and logistics performance management ward committee's record keeping and management political secreteriat and support community development youth and womans affairs information technology & suppt	15,500,000	15,466,004	planning and governance planning and operations risk management info dissemination organisation and control measurement and ctrl public participation info control political administration public investment developmental gov strategic support

internal audit and control
 good governance
 Fraud risk management
 skills development and training
 IDP and review
 audit committee
 human resource management
 labour relations
 occupational health and safety
 security general
 telecommunications
 property and estates
 community halls
 public amenities
 LUMS
 planning and development
 leave control
 appeals and complaints

risk management
 compliance
 risk management
 skills development
 planning and review
 risk management
 staff management
 labour management
 safe working environment
 safe working environment
 communications
 maintenance of assets
 public amenities
 access to facilities
 land management
 planning and dev
 human resource man
 logistical support

Institutional transformation

capital expenditure	office upgrade	3,500,000	3,466,947	administrative hub
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ANALYSES OF DEBTORS OUTSTANDING AS AT 30 JUNE 2007

<u>Debtor type</u>	<u>current</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91-120 days</u>	<u>121 and over</u>	<u>Total</u>
General rates	248,031	124,922	87,150	78,941	2,705,345	3,244,389
Refuse and other	1,170,382	338,299	292,601	270,043	7,854,748	9,926,073
Total debtors	1,418,413	463,221	379,751	348,984	10,560,093	13,170,462
% of total debt	0.1076965	0.0351712	0.0264975	0.02649748	0.80180126	

Notes

1. 80% of the debts outstanding are in excess of 120 days and urgent steps are being instituted to recover these amounts
2. A provision for bad debt of R 2 981 889 has been created and reflected in the balance sheet to cater for the possible write off of any irrecoverable bad debts
3. The debtors include outstanding amounts for water and sanitation that was transferred to the District Municipality wef 1 July 2003.
4. Council also needs to complete its indigent survey in order to adjust its debtors outstanding for indigent applicants.

PERFORMANCE HIGHLIGHTS

Within a service delivery context, all contributions to, or achievements made in terms of the Council's Integrated Development Plan, are considered to be 'performance highlights' there are some shining examples that can be considered to be more important particularly as they directly address priorities and basic service needs.

The Council commenced with its Integrated Development Plan and objectives in the 2005/2006 financial year and at the time projects totalling R 86 519 056 were identified for incorporation into the Council's annual budget plans. At the end of the 2006/2007 financial year 29,3% of the projects had been successfully completed or were in progress, a remarkable achievement for such a small municipality with very limited resources and considering that R 38 655 497 (44%) of the identified projects were in respect of water and electricity services which are the responsibility of the District Municipality and Eskom. The Council has not shirked its facilitation role in this process and has engaged the District Council and Eskom to include these projects within its budget plans and has from its equitable share allocated an amount of R 3 000 000 to provide basic electric and heating facilities.

Several access and connector roads to the value of R 6 530 395 (27% of budget) have been completed and these include, Welhelm Street, Berlin to Mthizane Road, Thusi Shop and regravelling of road to Khanyile Store.

Creches to the value of R 768 064 have been built (87% more than budget) and these include Cool Air and Esuqumeni

Sports facilities have been improved or upgraded by the injection of R 9 125 727 (33% more than budget) and these include Thokozane, Tholeni, Appelsbosch, Nkwadini and Masijabule Sportsfields.

Local economic development initiatives have been implemented and R 2 000 000 (100% in excess of budget) has been invested herein which includes the attraction of foreign investment into the area.

In addressing the renewal of New Hanover as an economic hub, the Council has invested R 4 799 408 in upgrading and providing an up to date and modern administrative head office for its operations

Other special programmes have received the benefit of an R 2 156 244 cash injection and these include various community halls, taxi ranks and cemeteries

It is clear that the Council is creating solid foundations for itself to effectively and efficiently deliver on its constitutional mandate and to deliver on its developmental objectives contained in its Integrated Development Plan.